

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Information Systems Advisory Committee Meeting
Tuesday, September 11, 2018**

The Information Systems Advisory Committee (ISAC) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Tuesday, September 11, 2018 at 10:00 a.m. (ET).

The following members of the Information Systems Advisory Committee were present telephonically:

James Holton, Chairman
John Wortman
John Vaughan
Kelly Booten, *staff*

The following Citizens staff members were present telephonically:

Aditya Gavvala
Robert Sellers
Sarah Harrell
Stephen Guth
Wendy Perry

Call Meeting to Order

Roll was called. Chairman Jim Holton, Governor John Wortman, and Technical Advisor, John Vaughan, were present. Chairman Holton called the meeting to order.

1. Approval of Prior Meeting's Minutes

Chairman Holton asked if there were any corrections to the prior minutes. There being none, he asked for a motion to approve the minutes from the June 5, 2018 meeting.

John Wortman made a motion to approve the June 5, 2018, Information Systems Advisory Committee (ISAC) Minutes. John Vaughan seconded the motion. The minutes were unanimously approved.

Chairman Holton turned the floor over to Kelly Booten for the IT Strategy Update.

2. IT Strategy Update

Kelly Booten: Good morning, Kelly Booten, Chief Systems and Operations. Today I want to cover an update on our IT Strategic Plan and the activities that we have going on with that plan.

As we close the chapter on our data center migration and business continuity updates that Robert will provide today, we are also nearing the end of our Centerpoint project later this year.

We thought it would be a good time to look at the components of our IT Strategic Plan with the intent to address responsibilities in the ISAC Charter regarding the review of Citizens information technology governance practices and strategic plan.

Slide two shows a graphical representation of our IT governance structure. The key point here is that IT plans are in alignment with business plans and are governed by our executive leadership team, as well as IT leadership. In our case, we are fortunate that one of my areas of responsibilities is also Enterprise Strategy and Planning which makes it much easier to keep IT aligned with the business.

We have robust, strategic annual and quarterly planning cycles where the business and IT come together to understand and prioritize our work according to business objectives.

Slide three represents our primary business system strategy and relationships. As you know, we migrated to Citizens' Insurance Suite a few years ago for our core insurance systems and are closing in on the implementation of our Centerpoint systems implementation for back office functions.

Toward the end of last year and into this year, we invested in, and will continue to focus on, customer facing systems. This year we purchased the Salesforce product for our agent management solution and will start the implementation in the fourth quarter.

And last, but not least, we are starting to evaluate and improve our business intelligence and analytic tool set.

Around the edge of the box you will see surrounding capabilities that must be in place to deliver the business systems effectively, such as risk and security, operations, architecture and so on.

Slide four is further detail regarding business systems and technology convergence. I won't go into the details of all of this, but you can see that we have a number of projects and strategies either completed or in the works that converge to a future vision.

In addition to the business systems strategies already mentioned, there are strategies in the areas of IT Security, Content Management, Data Warehouse and Reporting, Cloud Applications and Infrastructure.

We typically only highlight a few key initiatives at the ISAC, though there are many projects running simultaneously to move us towards our future vision and stay current with technology trends.

At this point, I would like to turn it over to Robert to break it down a little bit further on slides five and six with our IT strategies and then we will open it up for questions at the end.

Robert Sellers: Good morning, Governors. Robert Sellers, Vice President and Chief Technology Officer. Part of my role is to manage and administer our Enterprise Architecture team. Our Enterprise Architecture team is really a group of shepherds that bring subject matter experts

together from throughout our business organizations and IT organizations to develop long range strategies for the organization around the areas of technology.

When you look at page 5, there is a color key over on the right-hand side at the top which identifies the strategies that have been either completed, are in progress, are being initiated or are in the queue process right now.

We have a governance process and a leadership meeting weekly in the area of strategies, reviewing those that are living strategies, as well as those that we are putting final touches on and bringing to the organization.

Over on the upper left-hand side you will see an IT Security Strategy that is in process of being created right now. With us this morning is Carlos Rodriguez. Carlos is the new Director of IT Security & Risk for the organization. He joins us from Kemper Insurance here in Jacksonville and has been with us since early July.

Part of his role is to review the strategies that we have in place for security, and many of the others that we have been working on for the last three years, and work with me and the rest of the IT organization on a refresh strategy for the next two to three years. That is an area that is ever changing.

The risks continue to increase from outside parties, as well as inside parties, and it is something that we maintain a steady focus on. As you go across the top of the slide you will see other areas, like our Enterprise Systems Strategy, which Kelly spoke about earlier with all the different systems that we provide. That, again, is a strategy that we have, it is established, we are running with it well. Things such as our upgrade on V9 of the core system, the final implementation of Centerpoint and where we go next with those technologies, how we invest in those capabilities are defined in our strategies that we have outlined.

One of the primaries that we are heavily focusing on right now is the implementations around the cloud strategy. This past year we have implemented some of the first stages of that. Aditya Gavvala's organization and the Delivery and Service group has been implementing our road map to Office 365 with exchange and other systems in the cloud, and future implementations are in plans, at this point, for some of our infrastructure as we move forward.

As you look at this list of different strategies, the thing about this list is so many of these are interrelated to each other. We use our Enterprise Architecture team, our strategy development across our business and our IT organization to ensure alignment of these as they are applicable to that center area, our core systems, because that is what all this technology stuff is about; it's about how we implement better business systems for our internal users and our other stakeholders, including policy holders and adjusters and agents out in the field.

Down in the lower right of page 5 is a statement. One thing is certain, technology is continuing to accelerate in the workplace. We see new types of technology - social media, communications capabilities, drones - things that are available to our Claims and Underwriting organizations and these strategies are all being revisited on a more timely basis today than ever before.

We have to look at these and revisit these, not on a five-year or 10-year basis, but almost on a yearly or a biannual basis. So, you will see more of that as we go forward.

Page 6 shows some areas that we are really heavily focused on at the end of this year and through 2019. We continue to focus on areas around our governance and risk management, our IT operational financial management, and how we manage the funds that you approve for us to utilize in the advancement of our technology programs.

The Enterprise Business Systems is one of the major things that we are working on - to complete the Guidewire V9 upgrade in 2019. We finished the Claims part earlier this year, and Billing and Underwriting Services will be completed later in 2019 times frames, as well as the agency management system that Kelly spoke of earlier, and areas around social media, data warehousing and information management. Also, in other areas such as technology readiness, the cloud program and lifecycle. That is the other truism inside IT. As you go past three years, five years and while the technology you are running on may seem like it suits the purpose, there is more efficiency in upgrading that too faster, better and cheaper technology to run the same workloads.

The last piece is also what I consider a very important part of our role here in IT which is the innovation programs. Where can we use this technology for things that previously we have not identified in putting those type of programs in place.

At this point, Kelly and I will entertain any questions on strategy, Governors, that you all might have.

Chairman Holton: Robert, this is Jim Holton. An overall question is, are we pretty much on schedule in terms of our timeline to get all these up and running?

Robert Sellers: From a system standpoint with respect to Centerpoint, with respect to the update on V9, with respect to the analytic activity and of course our agency, which is coming into view right now, yes, we are on track with our projects.

On the technology standpoint, one of the things that I think is very important is that we can chase technology. And what I mean by that is that there are types of technology that are core foundations. One of those as an example is Identity and Access Management. It is a key project for us this year and is located over on page 5 in the strategies that are in progress. We want to be absolutely certain that we have identified the requirements and the capabilities that this organization needs; that when we go to market for any technology solutions, that we pick a vendor that is going to be a strategic vendor in terms of their ability to deliver those services and tools, and that we have a clear program for implementation.

And in this case, we would rather take more time to do those earlier facets correctly and work the project. There are others like that along the way here, because we are going to live with them for quite a while and the decisions that we make on the implementation.

Those are on track, but I will say that we will spend the right amount of time making the decisions on where to go before we execute on the implementation phase, and sometimes that requires us to take a step back. If we do, we will let you know that as we go forward on it.

Chairman Holton: Great. Any other questions for Kelly or Robert? Okay, guys, thanks for that good update. Robert, you still have the floor regarding the Disaster Recovery and Business Continuity Updates.

3. Disaster Recovery/Business Continuity Updates

Robert Sellers: Okay, Governors, Disaster Recovery starts on tab three. We did complete the co-location facility movement in late July. That was a movement of our on-prem facility from Tampa to Winter Haven, Florida. The physical fail over was completed successfully. We did a validation with over 30 tests to confirm everything from the technology, the communications and the applications were back in a posture that would allow us to recover if we were to have a failure at our main data center.

We are planning to perform our next major systems exercise in early October as, hopefully, storm season starts to wind down, and that will be covered with our entire insurance suite and ancillary applications in moving those to that location. A very successful move by the teams across the organizations, business and IT, to make that happen while we were in normal operations.

We will continue with improvements in our area of DR readiness and DR capabilities, and that is really part of the next item I would like to brief you on, which is our Business Continuity Plans.

For business continuity planning, we have gone through formal activities with the different business units, going through and identifying the different business departments, the plans that were in place at this point, our readiness at this point and any improvements that were needed as part of our business impact analysis.

On page 3 you can see all the different groups that have either new development going on or updates to their plans. The target on this is to be completed with all the plan development and the consolidation of these to the Enterprise plan by the end of this year, and that is on target with a testing cycle to begin in the first quarter of 2019.

Part of the information that we gather out of this is the type of systems and the time frames that a business unit would require during an event that caused us to execute on business continuity. That information is what cycles back into our DR program for improvements there on our systems, for our recovery times and our data recovery, as well.

On page 4, we will talk a little bit more about continuity. Earlier this year you approved our technology services recovery contract with Agility. That was executed in May of this year and we went through a complete exercise here last month.

The exercise included invoking the responsibilities of Agility to provide us with space in the Jacksonville area. They did so by providing us two facilities down near Town Center and Deerwood Park on the south side of town. Those facilities were hooked into the communication network that was required by Citizens.

We delivered a 160 people to that location over the period of two days, from most of the different business units inside Citizens. We performed a series of exercises to validate that all of the individuals were able to accomplish their daily work activity from those locations with the equipment provided by Agility, and ultimately concluded that with a successful test.

We have had an after briefing on that. We do have improvements that we identified that can be made, but we are in a position unmatched with our prior capabilities to now provide a facility here either in Jacksonville, Tallahassee, and frankly any part of the state, that we might need to recover our teams to for our daily business operations or for additional claims operations if we had to do so with very little impact on the Citizens' teams to make that happen.

So, I want to share that positive news with you. Also, we will continue to work towards one more testing cycle to validate not only the physical space capability, but their ability to deliver the mobile spaces to parking lots around the state to validate that capability, as well.

Governors, any further questions?

Chairman Holton: Any additional questions for Robert? Okay, thanks for that presentation, Robert. The Chair now recognizes Sarah Harrell for our Centerpoint update.

4. Centerpoint Update

Sarah Harrell: Good morning, Governors. For the record, Sarah Harrell, Director of Enterprise Programs. Your update materials are behind tab four, and there is a related consent item behind tab six that I will be covering later.

On slide two, you will see that we have a lot of gray and green, meaning the Centerpoint program is moving into the final stages of implementation. We have had two additional phases conclude since our last update. Those are indicated by the green "complete" and they are Phase 3 for the budgeting products and then Phase 4 for the HR goals, performance and talent management.

We did add a new phase, an additional phase called 5b for career development, which is the ability to track individual development plans, and as the name implies, career development.

Slides three through five are the milestone updates that you are familiar with. Slide three is Phase 3 Budget that is in production and we are currently winding down the warranty period.

Slide four is the 5a Oracle Learn phase. We did change the deployment date for that due to an existing Oracle software defect that they are working through. My guess is that date will change yet again, but we just don't have those details at this time. So, details to follow.

Slide five is the new phase which is on track. We kicked it off August 27th, and we are in the discovery phase, and the price is there.

Slide six is the approved action item for the 10-year contract that was approved in June of 2016, which you are very familiar with at this point

Slide seven is the projected implementation spend. This is a fixed price contract so the software licenses, subscription services and implementation services are on a fixed schedule and they are proceeding as planned.

Do note that there will be an adjustment to the 2018 projections to reflect the cost reduction that I will be covering in the consent item. That will be updated for our next meeting.

The cost tracking that we are really interested in, as we have discussed numerous times before, are the two contingency fund categories. We are still below the contingency spend. We had the \$2.1 million approved for a contingency spend and we have currently spent about \$1.5 million of that which leaves approximately 550K in contingency spend.

Slide eight is the projected spend for the post implementation years. Again, there will be an adjustment there for the cost reduction that we will realize from the removal of unused services which I will cover in the consent item.

And that concludes my update. I will be happy to entertain questions or, if you have no questions, I can proceed to the consent item.

Chairman Holton: Any questions for Sarah? Okay, yes, since you have the floor we will just go ahead and take the consent item before the action item. Go ahead.

5. Consent Items

a. **ERP Software Licenses and Subscription Services – Reduction of Licenses and One Year Renewal**

Sarah Harrell: Okay, thank you. The consent item is behind tab six. The ERP Software licenses and Subscription Services, Contract Number 16-15-0029-01. This is a budgeted item. It is actually a reduction in the 2018 budgeted dollars for our subscription services so there is no additional spend associated with this consent item.

The contract term for the original ERP software licenses contract was an initial five-year term, with the five optional one-year renewals. The purpose of this consent item is to request authorization to exercise the first one-year renewal option, and that would be for the period of 08/01/21 through 07/31/22.

Oracle has agreed to remove some unused subscription licenses, if you will, that we don't need listed there in the consent item. Those are no longer required, and they will remove those prior to our renewal date for the five-year term in exchange for us exercising the first one-year renewal option. It was a win/win for everyone.

The original contract term duration of 10 years remains unchanged. So that is the purpose of this consent item, to request authority to exercise the first one-year renewal option.

If there are no questions, I will proceed with the recommendation.

Chairman Holton: Any questions for Sarah? Go ahead, please.

Sarah Harrell: Staff recommends that Citizens Information Systems Advisory Committee approve and recommend to the Citizens' Board of Governors to, A) approve the request to reduce the Oracle ERP software licenses and exercise the first one-year contract renewal option as described above, and B) authorize staff to take any appropriate or necessary actions consistent with this consent item.

Chairman Holton: Okay, is there a motion regarding this recommendation?

John Vaughan made a motion to approve the ERP Software Licenses and Subscription Services – Reduction of Licenses and One Year Renewal Consent Item. John Wortman seconded the motion. All were in favor. Motion carried.

Chairman Holton: I will now recognize Aditya Gavvala for the action item.

6. Action Item

a. Field Support Satellite Antenna System

Aditya Gavvala: Good morning, Governors. My name is Aditya Gavvala, VP of IT Services and Delivery, for the record.

I would like to draw your attention to the action item behind tab five titled, Field Support Satellite Internet System.

Citizens is currently using a contracted vendor to provide on demand, high band width satellite communication services on an annual retainer basis. Citizens is seeking Board approval to procure a satellite internet system to be mounted on to the field support vehicle.

The field support satellite will enhance Citizens' catastrophe response center field deployment capability by providing the necessary communication band width. The purchase of the field support satellite band width system will remove external vendor dependency and eliminate vendor non-performance risks.

Funding for this field support satellite band width system has been budgeted in the 2018 budget. If there are no other questions, may I go for the recommendation?

Chairman Holton: Please do.

John Vaughan: I have a couple of questions.

Chairman Holton: Go ahead.

John Vaughan: I have a couple of questions and I just want to make sure I understand, because \$103,000 is a pretty significant expenditure.

It eliminates the risk of vendor non-performance. And I don't know, because there is not anything that describes the characteristics of our requirements. So, is there redundancy built into this? Is it a single point of failure? What was the requirement that you all put in place for this, for the bids?

Aditya Gavvala: When we have to deploy a field support vehicle during catastrophe emergency we equip our field support vehicle with a satellite antenna system to provide the communications band width. We have four field support vehicles and three of them are equipped with the equipment. We also have a third-party service with a vendor that provides the communication band width and it cost us roughly \$300,000 for the annual retainer for the vendor. Also, when we use the services it cost approximately \$75,000 per month for the services.

So, this gives us the redundancy and also gives us the utility that we need so we can equip the equipment on our FSV and take it to the ground zero as needed.

John Vaughan: Okay, so this replaces the service in its entirety?

Aditya Gavvala: Yes.

John Vaughan: Which is a pretty big savings, is that what I heard?

Aditya Gavvala: Absolutely.

John Vaughan: And this is for one vehicle and there are three other vehicles that already have this capability, is that what I heard, or is this for all four vehicles?

Aditya Gavvala: Right. We have four vehicles, but this will provide the satellite communication for the four vehicles.

Kelly Booten: For the four vehicles. Currently we have four vehicles, three of them are already equipped with the satellite services. This adds the satellite services to the fourth vehicle.

John Vaughan: So, by having four of them you have the redundancy, that was my first question. Okay, that helped. That is all I had.

Chairman Holton: Any other questions? Go ahead and read the recommendation, please.

Aditya Gavvala: Staff recommends the Citizens Information Systems Advisory Committee approve and recommend to Citizens' Board of Governors to, approve the recommended award and resulting contract for ITB number 18-0034 Field Support Vehicle Burton Enterprises, LLC, d/b/a Mobil Satellite Technologies as set forth in the action item and authorizing staff to take any appropriate or necessary action consistent with this action item.

Chairman Holton: Okay, thank you. Do I have a motion regarding this recommendation?

John Wortman made a motion to approve the Field Support Satellite Antenna System Action Item and John Vaughan seconded the motion. All were in favor. Motion carried.

7. New Business

Chairman Holton: Thanks for that good report. The final item of business is New Business. Is there any new business to come before the Committee?

None being heard, I will remind everyone that our next scheduled teleconference is November 27th, prior to the December Board meeting. I look forward to seeing everyone in a few days for the upcoming meeting. Any other comments? I will entertain a motion to adjourn.

John Wortman made the motion to adjourn. Meeting adjourned.

DRAFT